Report to the Honorable Prowse G. Chappell by the Prince Edward Island Marketing Council on a Review of Quota Administration by the Prince Edward Island Milk Market Sharing Quota Board.

June, 1983

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TERMS OF REFERENCE

FOR THE CONDUCT OF AN INQUIRY INTO

THE P.E.I. MILK MARKET SHARING QUOTA BOARD

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1. Detail individual producer adjustments since August 1, 1981.

2. Detail circumstances surrounding 15% increase in production of industrial milk during 1981-82 dairy year.

3. Detail the partial equalization conducted by the Board in April, 1982.

4. Detail the present quota situation of the producers who expanded on verbal assurances.

5. Analyze and assess the form of record-keeping employed by the Board.

6. Analyze and assess the quota administration system employed by the Board.

7. Analyze the increase in butterfat over corresponding months of previous year by individuals.

BACKGROUND

The Province of Prince Edward Island entered the Comprehensive Milk Marketing Plan on December 1, 1971 with an allocation of 7 million pounds (3.18 million kg.) of butterfat. This consistent of 6.5 million pounds (2.95 million kg.) based on deliveries of 5.4 million pounds in the 1971-72 year, plus a special allocation of .5 million pounds (.23 million kg. Appendix "A").

Based on the national requirement our allocation was 3.4 million kg. for the next three years (appendix "B") In 1975-76 dairy year the national requirement was cut and we lost quota to other provinces as we had not produced our allocation. Quota is not only a restriction on the amount that can be produced, but is also a commitment to produce the amount allocated, in order to supply the anticipated market requirement.

In 1976-77 we borrowed .36 million kg. from New Brunswick. In 1977 a mimimum allocation of 2.948 million kg. was negotiated with other provinces giving up quota to make this provision.

Since our entry into the Milk Marketing Plan, we have consistently fallen short of our commitment to produce. With increasing demand for quota from other provinces, we have been under increasing risk of losing quota for non-maintenance. The government and the marketing board have therefore been encouraging producers to increase production to meet our allocation and the requirements of our processors. Availability was not a problem.

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OVERVIEW 1981-82 DAIRY YEAR

A detailed review of the minutes from February, 1980 to the present was undertaken. The development of the crisis in quota is clearly outlined in the minutes. Excerpts from the minutes relative to quota are attached (Appendix "C").

In August, 1980, in reviewing the increased production in the 1970-80 dairy year (2.83 million kg. from 2.56 million in 1978-79), the Board decided to conduct a survey of producers to determine their expansion plans. (Appendix "D"). Approximately 190 producers responded. This was the first serious warning of substantial increases in production.

For the 1980-81 dairy year quota was allocated to producers totalling 2,935,523 kg., based on 106% of 1970-80 deliveries. Further quota was issued to 150 producers based on their anticipated expansion. Total allocation amounted to 99% of our provincial allocation including the 100,000 kg. of optional export quota.

Deliveries for the year 1980-81 were 2.94 million kg. for a utilization of 88%, well below anticipated production. An analysis of the 190 producers indicates that many of them did not increase their production. In fact 34 of them actually delivered less milk than in the previous year.

These facts, plus the monthly and cumulative delivery figures, continued to lull the Board and the staff into a sense of well being.

1981-82 producer quota was issued based on 102% of 1980-81 deliveries with special consideration to those who had increased during the year.

The picture changed very rapidly with the advent of the 1981-82 dairy year. Monthly increases over the previous year's deliveries rose from 4.4% for August and September, 1980 to 10% for August and September, 1981. October was 15.4% and November 28.3%, compared to -2.2% and -2.6% for the corresponding months in 1980. (Appendix "E")

With conflicting evidence of performance statistics and producer enquiries, the Board continued to choose to accept statistics as the basis of their decisions.

Even with these dramatic increases, the consensus of the meeting of the Board on December 16, 1981, was that an annual increase of 12% could be expected. This would have resulted in deliveries of 3,292,800 kg., just short of the provincial allocation of 3.33 million kg.

During this period, and even until the end of February 1982, the Board and staff continued to be optomistic about the quota situation. Assurances were given in various forms that quota would be available to those planning to expand, though no new producers were being accepted except those buying an on-going production unit. Quota was issued automatically to producers as their deliveries indicated additional requirements.

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It was not until late February, 1982, after a meeting of the Management Committee in Ottawa, that the Board reacted to the situation and tightened quota control. After that date all quota allocations were approved by the Board and, aside from general adjustments, were based on written commitments.

On August 1, 1982, because of the national marketing situation, all provinces were reduced in quota by 2.67%. A further reduction of 2% was implemented on December 1st, but slightly under 1% applied to this province, as a minimum volume for domestic market had been negotiated in 1977. The result was that while producers in other parts of Canada were reduced 4.67%, our producers lost 3.67%

In July, 1982 an advertisement was published asking producers who needed additional quota to apply by August 15th. (Appendix "F"). Order #23 of the Board established a formula under which quota would be re-distributed on August 1, 1982. (Appendix "G") Under this formula, 33,000 kg. of quota was taken from producers who had utilized less than 95% of their allocation in 1981-82 and re-distributed to 271 Producers who had responded to the ad.

It is unfortunate that a survey of producers who had actually invested in expansion at this time was not made. This 33,000 kg. could very likely have satisfied their needs and alleviated the ensuing problems.

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QUOTA ALLOCATION 1981-82 DAIRY YEAR

Our review included a detailed study of quota issued August 1, 1981 to July 31, 1982, and a reconciliation of individual producer records.

The provincial allocation of quota for the 1981-82 dairy year was 3,234,000 kg. of butterfat. In December, 1981 the Board agreed to purchase 100,000 kg. of optional export quota making total quota available to producers of 3,334,000 kg.

By motion on September 7, 1981, the Board allocated MSQ based on 1980-81 deliveries at 102%. With adjustments for new production during 1980-81, this resulted in August 1st allocations of 3,144,821 kg. to 973 producers, leaving 189,179 kg. for later distribution. (Appendix "F")

Adjustments during the year resulted in a net allocation of 190,693 kg. which exceeded the amount allocated to the province of 3,334,000 by 1,514 kg.

At July 31, 1982 there were 3,335,514 kg. held by 972 producers (Appendix "I") compared with the 3,144,821 kg. held by 973 producers on August 1, 1981.

Our reconciliation is attached (Appendix "J"). With a very few exceptions, all adjustments made to January 31, 1982 were of a routine office nature and, as had been the established practice, were not referred to the Board. The exceptional cases were checked in detail and verified back to the minutes of the Board.

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The February adjustments consisted of 12 producers and 6860 kg. of butterfat, some being routine adjustments, and others special cases approved by the Board. The remaining adjustments involving 23,635 kg. were to 16 fluid producers who had already exceeded 70.9% of their allocation and was in anticipation of the March 31st adjustment. When the general equalization took place, none of these received additional quota. Some, in fact, were reduced because of an allocation of additional fluid.

Adjustments totalling 2,650 kg. of March 29, 1982 were to industrial producers and were similar to those made February 26th for fluid producers. In the later general equalization these adjustments were taken into consideration.

At the end of March, 1982 all industrial producers who had utilized more than 62.4% of their allocation were given quota to reduce them to that figure. This amounted to 110,962 kg. At the same time, class 1 producers were adjusted to 70.9% by issuing 11,853 kg. to those who were over 70.9%. Cream producers were similarly adjusted to 54.4% by issuing 9,510 kg. All these adjustments were based on the average utilization by sector, and were approved by the Board at meetings April 21 and May 5, 1982.

In April, 469 kg. were issued to two cream producers. One was to correct an error in additional allocation, the other, amounting to 200 kg., was issued to a producer who had started up in November, 1981 without quota and was to cover anticipated deliveries.

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The allocation of 21,125 kg. in June was partly to cover commitments made by the Board early in the year to 11 producers who had increased production in the amount of 2,312 kg. The balance of 18,813 kg. was to bring 88 fluid producers up to their 1980-81 deliveries. Industrial producers had received 102% of 80-81 deliveries in the original allocation. This was approved by the Board in minutes of the meeting of May 18, 1982.

"In reviewing calculations concerning Class I producers who, as a result of reduced Class I sales and ineligibility to share in the general redistribution of quota based on utilization at March 31st, will be restricted in total deliveries for 1981-82 to less than 1980-81 delivery level - the following motion was approved. Moved, seconded that the calculated market-share quota adjustment which would allocate to Class I producers the amount of market-share quota required to permit a total delivery level equal to 1980-81 be implemented. Carried."

On July 29th, 16 adjustments were made for a net total of 1612 kg. Some were adjusting earlier errors and others were based on prior commitments by the Board.

Allocations of 2,229 kg. on July 31st were based on a ruling of the P.E.I. Marketing Council on an appeal which stated: "that _____ be issued increased quota for the 1981-82 dairy year based on their deliveries in the last three months in the 1980-81 dairy year, provided that if there are other new and establishing producers who received written assurances from the Milk Market Sharing Quota Board similar to that received by _____, and who have made substantial capital

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expenditures based upon such assurances, such producers should be entitled to share on a pro rata basis with _____ in any reallocation of quota with respect to the July 31, 1982 adjustment of quota, if there is insufficient quota available to fulfill each such producer's increased quota. The Board should not reallocate the July 31, 1982 adjustment of quota until it is satisfied that all such producers are know to the Board."

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SPECIFIC COMPLAINTS

Any specific complaints or suspicions expressed to the Council were checked out in detail. There appears to be some fairly general suspicion that board members may have been given preferential treatment in the issuance of quota. All board member's accounts were checked in detail. Only one member received quota during the 1981-82 dairy year that was not part of the general initial quota or adjustments. That producer received 350 kg. of the 1612 kg. issued July 29th to 10 producers. The decision on this was made by the Board at a meeting which the board member involved did not attend. The 350 kg. were provided to cover earlier increases in production.

#1 - A complaint was received that a brother-in-law of a staff member had been in trouble last year, but doesn't seem to be this year, "so something must be wrong".

In 1980-81 this producer had an MSQ of 4,000 kg. of butterfat and delivered 3,351 kg. His August 1, 1981 quota was reduced by 398 kg. for non-maintainence. At March 31, 1982 he had delivered 2,873 kg. (79.8%) of MSQ. In accordance with general equalization of industrial producers to 62.4% utilization, as agreed by the Board, he was increased by 553 kg. to 4,155 kg. At July 31st he was over-quota 377 kg. His quota was reduced 2.67% and 1% in 1982-83 year as was general. He received no addition quota, and at present holds 4,070 kg. The reason he is not in trouble this year is that he had reduced deliveries by 240 kg. to April 30th this year.

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#2 - Received a complaint that this producer had received extra quota.

This producer started producing industrial milk in 1980 on a farm which had not previously produced milk. He was issued 7,500 kg. in 1980 and a further 700 in July, 1981 to cover his 1980-81 deliveries. His quota August 1, 1981 was 9,000 kg. (102% as agreed by the Board). At the end of the 1981-82 year, he was over quota 422 kg.

All other complaints naming producers were checked and found to be unwarranted.

#3 - A producer complained that he was refused quota on a farm he purchased.

Correspondence indicates that the farm was purchased in mid-January, 1982. The Board records indicate that the herd was sold off the farm in October or Novenber. As the Board Policy at this point was that quota would only be transferred with an "on going dairy enterprise", this producer's appeal was rejected. The producer contends that he was told by the Manager in early January that he would have the unused portion of the quota.

BUTTERFAT UTILIZATION
1982-83 compared with 1981-82
to APRIL 30th

A comparison of butterfat deliveries at April 30th shows 37.6698 grams per litre in 1983 compared with 37.0886 in 1982 for an increase of .5812 grams per litre. This represents 33,165 kg. based on last year's deliveries which would result in an over-quota penalty of $257,360.40 (Appendix "K").

In view of accusations that producers were "skimming" tanks, a review of individual producer deliveries was undertaken. Of 648 producers delivering milk, 375 or 57.87% show an increase. 68 producers show an increase of more than 2 grams per litre and 21 producers show a decrease of more than 2 grams per litre.

Increases were:

24 producers	2.00 - 2.50 grams per litre
15 producers	2.50 - 3.00 grams per litre
14 producers	3.00 - 3.50 grams per litre
7 producers	3.50 - 4.00 grams per litre
5 producers	4.00 - 4.50 grams per litre
2 producers	4.50 - 5.00 grams per litre
1 producer	7.68 grams per litre
68	

A list of these producers has been given to the Manager of the Board with the recommendation that they be investigated.

Indications are that the butterfat increase is fairly general with a few producers showing excessive variations both up and down.

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PRODUCERS WHO EXPANDED PRODUCTION

It is apparent that a number of producers expanded their operations on the assurance or assumption that quota would be available to them. Those who actually increased deliveries by the end of December 1981 generally were accommodated. There are definitely a number of producers who proceeded to expand but, not having increased deliveries by that date, found there was not quota available.

The National Farmers Union presented forms from 33 producers to the Minister. These forms claim expenditures ranging from $5,000 to $180,000. Three simply purchased cows while others did extensive renovations and building. A number of these producers were on the August 1980 list and were issued quota according to their anticipated expansion. This additional quota was withdrawn August 1, 1981 if their increase had not materialized. Any of them who wrote in August 1982 were given a share of the quota available but this was not nearly adequate. It has not been possible in the time available to determine the actual number of producers involved, but they could well exceed 100.

If quota can be found, a survey of such producers, requiring evidence of expansion, should be undertaken and they should receive priority.

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QUOTA ADMINISTRATION AND RECORDKEEPING

Producers were encouraged by the Board and Government to increase production. In spite of these incentives, production declined from the 1971-72 to the 1974-75 dairy year (Appendix "B"). It then started to show a gradual increase until the summer of 1982 when deliveries increased very dramatically.

In October 1980, the Minister met with the Board and indicated the importance to the Board of developing monthly statistics on total deliveries for the Province and the identification of individual producer's utilization of market share (Appendix "C" - October 14, 1980). At that meeting, Mr. Chappell offered the services of the government computer to make information more readily available and in greater detail. This did not take place.

Records of the Board were all hand-posted with separate ledger sheets for each of the 950 - 1,000 producers. Producer quota and production records were well maintained though often late being entered due to the volume of entries.

No journal of increases/decreases in quota was maintained which makes it very difficult to reconcile individual producer records with CDC computer printouts.

No record of commitments was kept with the result that at no time, except for the list prepared in August 1980, was there any record of producers' intentions. Quota was issued

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routinely as producers came into an over-quota situation. The result was that the supply of quota was exhausted before all commitments were met.

In reporting to the Annual Meeting of Producers in June 1981, the Chairman stated:

"While up to the present time the full implications of a supply management program including the responsibility of producers to produce that share of the market which has been allocated to him has not been a concern, however, your Board would again point out that in order to protect that Provincial share now available to us and to be in a position to participate in any future expansion producers will need to adjust to a somewhat tighter system."

The types of records maintained, the hand-posting system and the Board control of quota being issued was adequate for the years when quota was under-utilized. All three areas proved deficient and unable to respond to the requirements of the 1981-82 dairy year.

The entire system has since been revamped. With the amalgamation of the offices of the Board and the Milk Commission and with the installation of an office computer, information is now more detailed, more readily available and kept in constant balance. A journal of quota entries is now maintained as is a record of requests for quota.

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Deficiencies in the administration system have now been corrected.

As the right to produce is now a thing of value, whether transferrable or not, quota should either be included in the regular audit done by the Board's auditors, or should be audited regularly by the P.E.I. Marketing Council.

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APPENDIX "A"

MANAGEMENT COMMITTEE

MILK MARKET SHARING QUOTA AGREEMENT

BACKGROUND PAPER

SUBJECT - MARKET SHARING QUOTAS AND 1971-72 DELIVERIES

The following explanations should be noted with respect to the data presented below.

1. Delivery figures are those reported to the CDC for the 1971-72 year. For Ontario, Quebec and Prince Edward Island, they include all industrial milk and cream and surplus fluid subject to market quotas. For Manitoba, Sask. and Alberta, they include only industrial milk and cream. To compensate for this in comparing deliveries and market quotas, the amount of market quota calculated for fluid shippers in those provinces has been deducted from the totals.
2. For Prince Edward Island, Manitoba and Saskatchewan deliveries are compared both with the figures of basic market quota entitlement and with the adjusted figures including the additional conditional allocation.
3. The figures of deliveries and market quotas are in million pounds butterfat.

PROVINCE	DELIVERIES	BASIC MSQ	PERCENT 1 of 2	ADJUSTED MSQ	PERCENT 1 of 3
P.E.I.	5.4	6.5	83.1	7.0	77.1
Quebec					
Manuf.	156.2	175.4	89.0		
Fluid	15.1	21.4	70.6		
TOTAL	171.3	196.8	87.0		
Ontario					
Milk	98.9	129.4	76.4		
Cream	14.3	19.4	73.7		
TOTAL	113.2	148.8	76.1		
Manitoba	13.2	16.6	79.5	18.1	72.9
Saskatchewan	11.7	13.9	84.1	14.8	79.0
Alberta	25.4	33.9	74.9		
	340.2	416.5	81.7		

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APPENDIX "B"

PROVINCIAL ALLOCATION AND UTILIZATION
OF QUOTA (,000,000 kg. butterfat)

Dairy Year	M.S.Q. Allotment	M.S.Q. Utilization	Percent Utilization
1971-1972	3.18	2.40	76
1972-1973	3.40	2.31	68
1973-1974	3.40	2.22	65
1974-1975	3.40	2.18	64
1975-1976	2.59	2.36	91
1976-1977	2.95	2.45	83
1977-1978	2.95	2.54	86
1978-1979	2.95	2.56	87
1979-1980	3.18	2.83	89
1980-1981	3.33	2.94	88
1981-1982	3.33	3.39	101.8
1982-1983	3.218		

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APPENDIX "C"

(All indented sections are quotations from minutes)

Minutes of August 14, 1980

> "1979-80 deliveries were up 10% from previous year and indications of expansion in size of present herds as well as new entrants indicate a high utilization in 1980-81."
>
> Agreed that an advertisement be placed in the papers for producers to make their plans known.

Minutes of September 10, 1980

> The manager reported on the response from new producers and producers with expansion plans for 1980-81 to the request by the Board for information on these producers' production intentions. Approximately 190 producers responded and estimated MSQ requirements for these producers, including new entrants is an additional 367,000 kg.
>
> The initial allocation of 106% of 1979-80 deliveries totalling 2,935,523 kilograms would increase through the allocation of quota to accommodate producers' requests to 3,303,000 kilograms. This level of allocation would utilize 99% of available MSQ including the 100,000 kilogram optional export quota.

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A concensus of opinions expressed by Board members indicated that until a realistic forecast of the production volume, which can be expected for the year, is available that caution should be exercised in the acceptance into the industry of new production units.

October 14, 1980

In reviewing the deliveries reports for August and September it is apparent that deliveries while showing an increase over the previous year of 4.4%, is not maintaining the level of increase of last year, which was 9.6%.

The decision of the Board to utilize the two-thirds optional quota in 1980-81 would indicate that a production increase of at least 12 to 14% would be required to provide the return on the increased levy. The reduction in increase over 1979-80 for August and September would mean that to fill market share quota + one-third export an increase of 17.3% would be required through the next ten months (increase of 20% to fill total quota).

A concensus of Board opinion was that in consideration of this information that the caution at the last Board meeting could be reconsidered.

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The Board met with the Minister.

Mr. Chappell indicated the importance be placed on the Board developing monthly statistics on total deliveries for the Province and the identification of individual producer's utilization of market share quota. It was noted that at this early date in the quota year, production trends may not be accurately assessed but the Board agreed that through later months this information will be important. ---

It was recommended to Mr. Chappell that information which may be available through district offices on individuals who are planning a dairy operation be made known to the Board.

(October deliveries down 2% cumulative + 2.46%)
(November deliveries down 2.6% cumulative +1.5%)
(December deliveries + 2.5% cumulative +1.7%)
(August to December utilization 34.8% of annual compared to 35.9% for same period last year)

Trend continued to
April deliveries 231,154 kg. + 1% - 9 months cumulative +2.4%.
Utilization to April 30, 56.9% compared to 58.3% last year.

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August 3, 1981

MOTION - moved and seconded that this Province participate in the optional export program for 1981-82. CARRIED.

September 7, 1981

In assessing the performances of producers through the past year it was noted that the production of new producers was 4.4% of total deliveries and had this production not been available the delivery position would not have shown any increase over last year.

---- The projected increase in quota requirements of the 37 producers classified as new producers for 1981-82 would be 55,000 kg.

(With this requirement and quota at 102% of 1980-81 deliveries, 185,000 kg. was available for later adjustment.)

1980-81 deliveries totalled 2,940,000 kg.-88% utilization

August deliveries were	339,569 kg.	+ 9.5%
September deliveries were	306,018 kg.	+10.6
2 months cumulative	645,587 -	+10%
October deliveries were	262,229	+15.4%
3 months cumulative	907,816	+11.5

Concensus was that 1981-82 would be 8% to 10% over 1980-81.

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November deliveries were 222,708 +28.3
4 months cumulative 1,130,524 +14.5

Compared to +1.5% in 1980

Concensus that 1981-82 would be 12% over 1980-81.

December 16, 1981

Deliveries Report - November

Industrial Milk	150,523 kg.	+22%
Industrial from Fluid	52,538	74
Total Industrial	203,061	32
Farm Sep. Cream	19,647	-02
Total Milk and Cream	222,708	+28.3
4 months Cumulative	1,130,524	+14.5

In reviewing utilization of MSQ for the period August 1st to November 30th, it was noted that at this date in 1980 deliveries were 1.5% over the previous year.

At November 30, 1980 utilization was 29.6%.
At November 30, 1981 utilization was 33.9%.

The Board reviewed deliveries of new producers, it was noted that deliveries by this group for the four months was 6% of total. New producers' deliveries increase was 40% of the total increase.

MOTION that the P.E.I. Milk Market Sharing Quota Board take the optional export quota of 100,000 kg. which is available to this province. CARRIED.

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A consensus of opinion of the members was that an increase over 1980-81 of 12% could be expected.

NOTE: A 12% increase would result in deliveries of 3,292,800 kg. for the 1981-82 dairy year.

February 4, 1982

Deliveries Report - December

Industrial Milk	149,873 kg.	+22%
Industrial from Fluid	55,823	55
Total Industrial	205,696	29.7
Farm Sep. Cream	13,682	-11
Total Milk and Cream	219,378	+26
5 months Cumulative	1,349,902	

Cumulative deliveries as percent of total MSQ is 40.5%.

At the February 16 meeting, the Board approved quota to five new producers, approved two transfers and rejected two out-of-province enquiries.

March 2, 1982

Deliveries Report - January

Industrial Milk	144,215 kg.	+22%
Industrial from Fluid	59,280	+59.1
Total Industrial	203,495	+31.4
Farm Sep. Cream	9,432	+ 6.2
Total Milk and Cream	212,927	+30
Cumulative (6 months)	1,562,829	+17.9

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Total utilization 6 months 46.9% - Previous year 39.7%.
Available for balance of year 53.1%.

With an increase for the six month period over previous year of 17.9%, an increase of 9.6% for February to July would result in 100% quota utilization.

Quota adjustment - A quota adjustment based on deliveries to March 31st to be calculated for notification to producers May 1.

A number of quota applications were reviewed and rejected. Two were approved where previous commitments had been made. Twelve quota applications were reviewed on March 12th, but the decisions as recorded in the minutes are not clear.

April 21, 1982

MOTION - That MSQ distribution for adjustment for Class 1 and Industrial producers be calculated independently based on the average utilization within each group. CARRIED.

May 18, 1982

The opinion of Board members regarding forecast of deliveries total at year end relative to Market Share Quota was invited - the consensus 104.5% of total Market Share Quota.

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MOTION - that the maintenance requirement for the 1981-82 quota year be established at 95%. Deliveries at or above this level would maintain quota at 100% - a percentage of less than 95% would result in quota reduction. Should a global reduction take place this would be applicable to all quotas. CARRIED.

MOTION - that the calculated Market Share Quota adjustment which would allocate to Class 1 producers the amount of Market Share Quota required to permit a total delivery level equal to 1980-81 be implemented. CARRIED.

June 16, 1982

The proposal of the Board for allocation of MSQ to producers who will have applied for quota increase to be on graduated basis relative to present MSQ.

Under 2,000 kg.	10% of quota
2000-3000	9%
3000-4000	8%
4000-5000	7%
5000-6000	5%
6000-7000	3%
7000-8000	2%
Over 8000	1%

Actual allocations to be contingent on amount of quota available.

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June 21, 1982

In further consideration of the percentage allocation proposal developed at the last meeting the following amendments concerning qualification size and percentage were proposed:

Up to 4000 kg.	10% of quota
4001 - 5000	8%
5001 - 6000	6%
6001 - 7000	4%
7001 - 8000	2%
Over 8000	1%

It was proposed that the regulations include the following:
"Producers applying for additional quota should have letters in the hands of the Board by July 31st."

June 24, 1982 Annual Meeting

MOTION - that the proposal on reduction of over-quota levy for June and July with the unpaid balance collected in August, September, and October be approved, with implementation procedure to be developed by the Board. CARRIED.

MOTION - that a partnership be allocated double the percentage as identified in the formula. CARRIED.

There were a number of motions made at the meeting, amended and defeated.

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August 18, 1982

Deliveries report for July reviewed:

Industrial Milk	7,616,283 l.	262,508 kg.	+5.8%
Ind. from Fluid	2,068,664 l.	74,413 kg.	+3.2%
Total Industrial		336,921 kg.	+5.2%
Farm Sep. Cream		42,489	-
Total Milk & Cream		379,410	+4.6
Total for year		3,394,830	+15.44

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APPENDIX "D"

ATTENTION DAIRY FARMERS

New producers and producers with plans for increased milk production are requested to contact the Milk Market Sharing Quota Board before August 30th.

This information is most important for the establishing of your Market Share Quota for the coming year.

P.E.I. MILK MARKET SHARING QUOTA BOARD

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APPENDIX "E"

MONTHLY DELIVERIES
(.000 kg.)

	1978 1980	1979 1980	1980 1981	1981 1982	1982 1983
AUG.	281	293	310	339	363
SEPT.	232	268	277	307	324
OCT.	206	232	227	262	293
NOV.	166	178	173	223	238
DEC.	160	170	174	219	226
JAN.	148	159	164	213	215
FEB.	136	147	154	196	190
MAR.	152	177	189	248	223
APR.	202	229	231	283	257
MAY	264	281	304	334	
JUNE	318	349	374	390	
JULY	313	351	363	380	

APPENDIX "F"

ATTENTION DAIRY PRODUCERS

Producers are advised again that we have a tight quota situation due to over-production and reduced consumption. There is no room for expansion. If any unused quota is available for distribution after the end of the quota year July 31st, for the 1982-83 quota year, it may be distributed to those whose quota does not accommodate present herd size.

Application must be in the Board office by August 15, 1982.

P.E.I. MILK MARKET SHARING QUOTA BOARD

July 1982

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APPENDIX "G"

P.E.I. MILK MARKET SHARING QUOTA BOARD

BOARD ORDER #23

Under authority of EC 276/76, Section 41 (M) the P.E.I. Milk Market Sharing Quota Board allocates market-share quotas for producers for 1982-83 on the following basis:-

1. FARM SEPARATED CREAM PRODUCERS:-

(a) Producers who delivered less than 95% of their 1981-82 Market Share Quota will have their 1982-83 quota reduced by the difference between deliveries and 95% of 1981-82 Market Share Quota.

(b) Producers who delivered between 95% and 100% of their Market Share Quota in 1981-82 will be allocated the same quota for 1982-83.

(c) Producers who delivered over 100% of their 1981-82 Market Share Quota will have a Market Share Quota for 1982-83 equal to 1981-82 deliveries.

(d) Market Share Quota for Farm Separated Cream Producers will be allocated on a Kilograms of Butterfat basis.

2. INDUSTRIAL MILK PRODUCERS:-

(a) Producers who delivered less than 95% of their 1981-82 Market Share Quota will have their 1982-83 quota reduced by the difference between deliveries and 95% of 1981-82 Market Share Quota.

(b) Producers who delivered between 95% and 100% of their Market Share Quota in 1981-82 will be allocated the same amount for 1982-83.

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(c) Quotas established under 2(a) and 2(b) will be subject to a reduction of 2.67%.

(d) In allocating quota from the reserve at August 1, 1982 the Board will distribute available quota to qualifying producers who made application on or before August 15, 1982 using the following scale:- 4,000 kg. or less - 10% of Market Share Quota; 4,001 kg. to 5,000 kg. - 8%; 5,001 kg. to 6,000 kg. - 6%; 6,001 kg. to 7,000 kg. - 4%; 7,001 kg. to 8,000 kg. - 2%; over 8,000 kg. - 1%. The actual allocation to be pro rata to the amount available.

(e) Market Share Quota for Industrial Milk producers will be allocated on a litre basis, based on the producers' weighted average butterfat test for 1981-82.

3. CLASS #I MILK PRODUCERS:-

(a) Producers who delivered less than 95% of their 1981-82 Market Share Quota will have their 1982-83 quota reduced by the difference between deliveries and 95% of 1981-82 Market Share Quota.

(b) Producers will be allocated Market Share Quota which will allow them to produce an amount of milk equal to Fluid Sales and In-Quota Market Sharing Quota held during 1981-82 after taking into account projected changes in Fluid Payout for 1982-83 and changes in Butterfat Test.

(c) Quotas established under 3(a) and 3(b) will be subject to a reduction of 2.67%.

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(d) In allocating quota from the reserve at August 1, 1982, the Board will distribute available quota to qualifying producers who made application on or before August 14, 1982 using the following scale:- 4,000 kg. or less - 10% of Market Share Quota; 4,001 kg. to 5,000 kg.- 8%; 5,001 kg. to 6,000 - 6%; 6,001 kg. to 7,000 kg. - 4%; 7,001 kg. to 8,000 kg. - 2%; over 8,000 kg. - 1%. The actual allocation to be pro rata to the amount available.

(e) Market Share Quota for Class #1 Milk producers will be allocated on a litre basis, based on producers' weighted average Butterfat Test for 1981-82.

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APPENDIX "H"

1981 - 82 QUOTA ISSUED AUGUST 1, 1981

	kg./bf.
Industrial Milk	2,186,095
Fluid to Industrial	666,770
	2,852,865
Farm Separated Cream	291,956
	3,144,821
Quota allocation to Province August 1st	3,234,000
Optional Export Quota Purchased December 1981	100,000
	3,334,000
Unissued Quota August 31	89,179
Optional Export Quota	100,000
Available Quota	189,179

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APPENDIX "I"

QUOTA HOLDERS - August 1, 1982

Industrial	501
Class I	140
Cream	331
	972

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APPENDIX "J"

QUOTA RECONCILIATION
August 1, 1981 - July 31, 1982

	kg./bf.	
Quota Issued August 1, 1981	3,144,821	
Calculation errors later adjusted (net)	2,238	
	3,147,059	
Adjustments (Net)		
October 30, 1981		
December 31, 1981	2,150	
January 28, 1982	3,900	
February 26, 1982	1,500	
March 29, 1982	30,495	
Adjustments to industrial milk producers under formula to equalize to 62.4% utilization and Class 1 pool producers to 70.9%. Also adjusts Class I Pool to ship same volume as in 1980-81.	2,650	
	9,510	Cream
	50,493	Ind Milk
	50,469	Ind Milk
	11,853	Ind Fluid
April 27, 1982		
June 29, 1982	469	
July 29, 1982	21,125	
July 31, 1982	1,612	
	2,229	
Quota Issued July 31, 1982	3,335,514	*

*This exceeded provincial allocation of 3,334,000 by 1,514 kg.

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APPENDIX "K"

PRINCE EDWARD ISLAND
BUTTERFAT COMPARISON
1978-1983

GRAMS PER LITRE

MONTH	1978 1979	1979 1980	1980 1981	1981 1982	1982 1983
AUG.	35.23	34.88	35.07	34.71	35.29
SEPT.	36.87	36.06	36.43	36.31	36.46
OCT.	38.06	37.64	38.50	38.39	38.16
NOV.	37.94	38.64	39.65	38.91	38.98
DEC.	38.86	39.55	39.03	37.84	38.99
JAN.	38.06	38.58	37.65	37.23	38.03
FEB.	37.63	38.09	37.12	37.23	38.08
MAR.	36.68	37.63	36.64	37.32	38.33
APR.	36.69	37.94	35.92	37.36	38.36
MAY	36.62	37.37	36.03	36.72	
JUNE	35.17	36.11	35.05	35.45	
JULY	34.43	35.89	34.53	34.79	
	36.52	37.04	36.36	36.60	

POOR

QUALITY

ORIGINAL